



States Greffe: Scrutiny

Senator Lyndon Farnham
Minister for Economic Development, Tourism, Sport and Culture
By email

23rd April 2021

Dear Minister

Economic and International Affairs Scrutiny Panel

Regulations for the Licence Application, Production and Export of Medicinal Cannabis on Jersey

As you will be aware from our previous correspondence, the Panel has begun its review into the Regulations for the Licence Application, Production and Export of Medicinal Cannabis on Jersey. In order to further inform the Panel about this area and to assist it with its review, we would be grateful if you could provide written responses to the following questions.

Specifically, our questions relate to:

Draft Regulations

1. Could you provide a timeline to the Panel showing key milestones for the next 5 years?
2. What regulations do you propose to bring forward and when do you propose the draft regulations will be available for the Panel to view?
3. Could you confirm what you are using as a foundation for the draft regulations and if they are being merged to take account of international treaties?
4. Will the regulations require a change in Jersey legislation? If so, could you provide details of which legislation.
5. How long do you propose the changes in legislation will take?
6. Could you advise if you are using an external consultancy firm to assist in drafting the regulations?
7. Are you confident that working to the MoU, at present, as opposed to approved Jersey regulations is robust, secure and in the best interests of the Island?
8. How does the MoU guidance currently being used by Jersey compare to approved regulations in other jurisdictions?

9. Could you confirm how the structure in the Department of Firearms and Licence Unit (DFLU) within the UK Home Office is currently organised and how many people are assigned to the overall management of the licences issued in Jersey?
10. Do you have any plans to increase security and tighten regulations at freight companies once the import/export of illegal substances are underway?
11. The application guidance states enhanced DBS checks will be carried out as part of the due diligence process. Can you explain what this will involve and how it is different from the standard DBS checks?
12. Could you provide details of who the enhanced DBS checks will apply to within the structure of any company licences to cultivate and manufacture cannabis products?
13. You have informed the Panel that businesses operating a licence will follow the Record keeping requirements in respect of controlled substances as in the Misuse of Drugs (Jersey) Law 1978. Is this law up to date to incorporate the risks associated with the cultivation and export of cannabis or is it likely to be revised? If so, when will the law be revised?
14. Clause 4.11 of the MoU refers to Annexes A to F with detailed operational information. We appear to have A to D and would be grateful if you could provide E, F and G.

Licence Fee and Application

1. Could you provide the Panel with how many licences you are proposing to issue annually and the background on how this target has been arrived at?
2. How was the licence fee of £2,500 estimated and what costs does the fee cover?
3. Is there any proposal to increase the licence fee or make it an annual cost as opposed to one off? If the fee is a one off payment, why has no annual fee been included in proposals as any recurring costs will be incurred by Government?
4. You have informed the Panel in your letter dated 24th March 2021 that the licence fee will pay for the engagement of support for the Chief Pharmacist. With the cost of the licence fee relatively low at £2,500 and only 2 licences having been granted to date, is this adequate to support this function?
5. Does the Chief Pharmacist have capacity within his office to support licensing and regulatory issues related to cannabis production and if not, how will this be dealt with moving forward?
6. Could you provide the Panel with the procedures currently in place to deal with producers who do not operate under the terms of their licence?
7. Do you have any plans to engage the JCRA to have oversight with regards to any regulatory issues? If not, why not?
8. Could you provide the Panel with details of the appeals process in place, if any, should a licence not be granted?

Tax Revenue

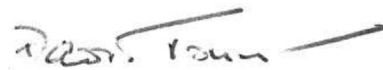
1. Could you provide the Panel with a detailed breakdown of the projected tax revenue over the next 5 years?
2. Could you confirm what the current tax rate is for those already granted licences to set up a business in medicinal cannabis? Will this be the same as any future set ups?
3. Are there any tax exemptions to be applied to the cannabis industry? If so, could you please provide details.
4. Could you confirm if there are different tax rates depending on the licence being applied for and if so, could you provide details?
5. Please provide details of what, if any, tax breaks are available and if they differ depending on licences?
6. Are the tax rates and tax breaks, if any, in line with other agricultural and export businesses and are they considered fair and transparent?

Financial and Manpower Implications

1. Can you provide a breakdown of how many members of staff within your Department are providing resource, whether part time or full time, to the medicinal cannabis licence application and the project overall?
2. What is the weekly financial cost of providing this resource?

Thank you in advance for providing written answers to our questions. We would be grateful if you could respond no later than Friday 7th May to avoid any delays in undertaking our work. It is likely that we will have follow up questions to your responses and so we may need to arrange a further meeting or briefing in order to deal with these.

Yours sincerely



Deputy David Johnson
Chair
Economic and International Affairs Scrutiny Panel